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OFFICE OF THE CHAIRMAN

## FEDERAL COMMUNICATIONS COMMISSION WASHINGTON

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Honorable Michael D. Crapo House of Representatives 437 Cannon House Office Building Washington, DC 20515 RECEIVED

SEP 3 0 1993

Dear Congressman Crapo:

FEDERAL COMMUNICATIONS COMMISSION OFFICE OF THE SECRETARY

Thank you for your letter expressing concern about how our new cable regulations may affect small cable systems.

On August 10, 1993, the Commission granted a temporary stay of the rate regulations for small systems with 1,000 or fewer subscribers (see enclosure) and initiated a Further Notice of Proposed Rule Making to examine the burdens on small cable systems. Our customer service standards are also under reconsideration.

Your comments will be placed in the record of these proceedings, and I assure you that they will receive careful attention.

Sincerely,

James H. Quello

Chairman

Enclosure

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## FEDERAL COMMUNICATIONS COMMISSION WASHINGTON

SEP 28 U93

Honorable Dirk Kempthorne United States Senate B40-3 Dirksen Senate Office Building Washington, DC 20510

Dear Senator Kempthorne:

Thank you for your letter expressing concern about how our new cable regulations may affect small cable systems.

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James H. Quello

Chairman

Enclosure



## FEDERAL COMMUNICATIONS COMMISSION WASHINGTON

SEP 28 1993

Honorable Larry E. Craig United States Senate 302 Hart Senate Office Building Washington, DC 20510

Dear Senator Craig:

Thank you for your letter expressing concern about how our new cable regulations may affect small cable systems.

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Chairman

Enclosure

MICHAEL D. CRAPO 20 DISTRICT, IDAHO NEW MEMBER LEADER

ENERGY AND COMMERCE COMMITTEE

REPUBLICAN POLICY COMMITTEE

REPUBLICAN TASK FORCE ON AGRICULTURE CO-CHAIRMAN

REPUBLICAN TASK FORCE ON PRIVATE PROPERTY RIGHTS CO-CHAIRMAN

COMGRESSIONAL RURAL CAUCUS

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Congress of the United States

House of Representatives Washington, DC 20515-1202

August 23, 1993

WASHINGTON, DC 437 CANNON BUILDING WASHINGTON, DC 20515 (202) 225-5531

DISTRICT OFFICES:

304 NORTH STH STREET ROOM 444 BOHE, ID 83702 (208) 334-1953

2539 CHANNING WAY SUITE 330 10AHO FALLS, 1D 83404 (208) 523-6701

FEDERAL BUILDING 250 SOUTH 4TH, ROOM 220 POCATELLO, ID \$3201 (208) 238-6734

488 Blue Lakes Blvo., #105 Twm Falls, ID 83301 (206) 734-7219

The Honorable James H. Quello Chairman Federal Communications Commission 1919 M Street, N.W. Room 802 Washington, D.C. 20554

Dear Chairman Quello:

As Members of the Idaho Congressional Delegation, we are writing to share our concerns over the status of small cable operators in the Commission's implementation of the 1992 Cable Act.

As you know, Congress has required under Section 623(i) of the Cable Act that the Commission "develop and prescribe cable rate regulations that reduce the administrative burdens and cost of compliance for cable systems that have 1,000 or more subscribers." This provision is an effort to protect small cable companies from excessive administrative burdens.

Idaho is a largely rural state, and the cost of doing business in serving isolated communities can be significantly greater than equal numbers in more densely populated areas. These burdens and severe restrictions on small cable companies' ability to recover costs should be recognized by the Commission in its oversight and regulation of rates.

Most small companies want to come into compliance with the Act, but lack the technical expertise to make the transition an easy one. To ease these burdens and thereby assure existing services to subscribers in rural and semi-rural areas, we urge the Commissioner to take the following actions:

- o Permit rate regulations based on a simplified net income analysis which would be easier to calculate and apply than the benchmark approach.
- o Allow small operators to set rates up to the benchmark cap.
- o Allow small operators to set rates, taking into consideration costs associated with expansion and providing new services when setting such rates.

- o Permit systems to base rates on the bundling of service and equipment charges.
- o Clarify that small operators are not required to maintain local offices in each service area community, unless the population density of the community justifies maintaining such a local office.

These recommendations will help accomplish the intent of Section 623(i) of the Cable Act and also maintain the Act's intent of consumer protection. Thank you for your consideration of these matters.

Sincerely,

Michael D. Crapo Member of Congress

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Larry E. Cra.g United States Senator

Dirk Kempthorne
United State Senator